



**Medicaid Reform:**  
**The Deficit Reduction Act Will Achieve Savings,**  
**Preserve Services and Protect Beneficiaries**

*“The Medicaid issue is really at the essence of this effort to reduce debt through this deficit reduction bill... We will spend \$1.2 trillion over the next five years on Medicaid. We're talking about reducing Medicaid spending during that period by \$5 billion...And governors will be given more flexibility to reorganize their Medicaid programs so they can deliver more service to more people.”*

*- Senate Budget Committee Chairman Judd Gregg, Dec. 20th floor statement*

**Fact:** Total Medicaid spending will be \$1.115 trillion over the next five years, growing from \$192 billion in 2006 to \$260 billion in 2010. The Deficit Reduction Act reduces total Medicaid spending by \$4.7 billion over the next five years, or 0.4 percent.

**Fact:** Without changes, the Medicaid program is projected to grow 41% over the next five years. With the reductions included in the Deficit Reduction Act, the program will still grow 40%.

**Fact:** The \$4.7 billion in net Medicaid reductions over five years comes almost entirely from non-beneficiary reductions. The Medicaid savings result from making reimbursements to pharmacies and drug manufacturers more accurate, clarifying the ways states can use case management programs, and closing a loophole that permits individuals with assets to qualify for long-term care coverage in Medicaid.

**Fact:** The Deficit Reduction Act will result in increased health benefits for low-income individual and families:

- ü \$2 billion in additional Medicaid benefits to 1.9 million Hurricane Katrina victims in Louisiana, Mississippi and Alabama
- ü \$1.38 billion to expand Medicaid benefits to parents of severely disabled children (Family Opportunity Act) so that 1 million more disabled children can be covered by Medicaid
- ü \$770 million for home and community-based health programs for the elderly and disabled low-income

**Fact:** The \$4.7 billion in reductions in the growth of Medicaid over five years, when adjusted for inflation, is \$4 billion less than Medicaid cuts passed by the Democrats in the Democrat Reconciliation bill in 1993 and \$3 billion less than Medicaid cuts that President Clinton signed into law as part of the 1997 Reconciliation Bill.